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C O N F I D E N T I A L SECTION 01 OF 02 ISLAMABAD 001831

SIPDIS

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TAGS: [PGOV](#) [PK](#) [PREL](#) [PHUM](#) [KJUS](#)

SUBJECT: NAWAZ PULLS MINISTERS BUT STAYS IN PPP-LED GOP

REF: A. ISLAMABAD 1772

[1](#)B. ISLAMABAD 1756

Classified By: Anne W. Patterson, Reasons 1.4 (b), (d)

[1](#)1. (C) Summary: Nawaz Sharif announced May 12 that his Pakistan Muslim League-N (PML-N) party's nine federal ministers would resign from the Pakistan People's Party (PPP) led cabinet on May 13. He lamented this course of action, caused, Nawaz said, because the pre-November 3 judges were not restored within the 30 days promised in the Murree Declaration of early March. The PML-N would not/not join the opposition, however. He would soon file his own nomination papers to run for a vacant seat in the National Assembly. PML-N Finance Minister Ishaq Dar promised the Ambassador in an early May 12 meeting that the budget would be well in hand, even with his departure. Though it was scheduled to meet May 16, the Pakistan Bar Council called for the greater lawyers' movement to "agitate" to force the GOP to restore all deposed judges immediately. End summary.

Out, but Still In

[1](#)2. (C) Returning from marathon negotiations with Pakistan People's Party (PPP) Co-Chairman Asif Zardari in London, Pakistan Muslim League-N (PML-N) leader Nawaz Sharif, reading from a prepared statement, announced May 12 that his party's nine federal ministers would resign from their posts on May [1](#)13. He voiced disappointment that the two party leaders could not agree on the modalities of how all of Pakistan's pre-November 3 judges would be restored within the 30 days promised but added that both of them continued to agree on the end goal (reftels).

[1](#)3. (C) Nawaz committed "for the sake of Pakistan's democracy," that the PML-N would officially remain in the PPP-led government by supporting Prime Minister Yousuf Gilani and voting with the coalition on an issue-by-issue basis.

[1](#)4. (C) When PML-N Finance Minister Ishaq Dar met early May 12 with the Ambassador, Dar stated he was unsure whether his party would bolt from the coalition or find away to delay for another few days. Dar admitted that he had no affection for former Supreme Court Chief Justice Iftikhar Chaudhry, but he realized that his party was "committed politically." Chaudhry's future status was the bone of contention, concluded Dar.

By-elections and a Budget

¶5. (C) Dar noted that his party and the PPP still had a number of political hurdles to confront together beyond the judges' issue, as important as it was. The two parties were intent on having free and fair by-elections on June 26 for 38 vacated National or Provincial Assembly seats. Reportedly, PML-N leader Nawaz Sharif would file his nomination papers later this week for a Rawalpindi national level constituency; PML-N President Shahbaz Sharif filed papers today for a Rawalpindi seat in the Punjab Provincial Assembly.

¶6. (C) Dar claimed that Zardari had asked Nawaz to keep him at the Finance Ministry even if other PML-N ministers were pulled. "But that would be hard," Dar added. He speculated he might be kept as an "Advisor" on Finance to Gilani. At least twice before in Pakistan's history, Dar informed, the Prime Minister had taken over the finance portfolio when there was no minister. Asked how a budget would be drafted without a finance minister in place, Dar said, "I've developed a plan, and the Ministry will be left in good shape."

PPP Reaction  
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¶7. (C) PPP Spokesman Farhatullah Babar released a statement saying this is "not the beginning of the end of the coalition." The empty ministries, he said, would not be filled with PPP members, and negotiations would continue. The budget, even without Finance Minister Dar, would be presented on time in June. Babar confirmed the PPP would continue to sit with PML-N at the provincial level in Punjab

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-- Pakistan's largest province.

No Confidence  
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¶8. (C) Meanwhile, the Pakistan Bar Council (PBC), commemorating in Karachi last year's May 12 violence, announced that it had "lost confidence" in the PPP/PML-N coalition government. It called on the larger lawyers' movement to begin "agitation" in support of the deposed judges, starting with an as-yet-decided black flag day. The PBC is still supposed to meet on May 16 to officially map out a course of action.

¶9. (C) PBC leaders also publicly called on Supreme Court Bar Association President Aitzaz Ahsan to forgo a run in the up-coming by-elections. Ahsan is a life-long PPP member, and had reportedly planned on running under that party banner for a National Assembly seat representing Lahore.

¶10. (C) Comment: Based on the continued deadlock in talks, this was an expected move by Sharif to satisfy his political base and keep the pressure on Zardari. The calm PPP reaction indicates that there are still more chapters to go in this saga; we believe Zardari will continue to fight reinstatement of Chaudhry to the Supreme Court. In the meantime, however, economic conditions continue to worsen. End comment.

PATTERSON